

Message Text

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SUBJECT: CONTINUING DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES

REF: ROME 2210; NAPLES 128, 115 AND PREVIOUS

BEGIN SUMMARY. EVENTS RELATED TO DIFFICULTIES US SUBSIDIARIES IN NAPLES AREA, FEB. 9-14, HIGHLIGHTED BY (A) OCCUPATION OF OFFICES OF THREE MUNICIPALITIES NORTH OF CITY BY GENERAL INSTRUMENT (GI) EMPLOYEES; (B) SPERRY SUD COMMITMENT TO FACTORY COUNCIL TO DISMISS NO WORKERS; AND, (C) SHARP INCREASE IN AGITATION AT RICHARDSON-MERRELL PLANT AND OF PRESS CRITICISM OF FIRM'S ACTIONS. END SUMMARY.
1. IN SURPRISE MOVE, FEB. 11, GI EMPLOYEES OCCUPIED OFFICES OF SMALL MUNICIPALITIES OF QUALIANO, MARANO, AND GIUGLIANO, PARALYZING LOCAL GOVERNMENT ACTIVITIES. WORKERS THREATENED TO REMAIN INDEFINITELY,

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UNTIL GOI TOOK ACTION EITHER TO FORCE WITHDRAWAL OF DISMISSALS, OR TO FIND JOBS FOR 314 DISMISSED EMPLOYEES ELSEWHERE. OFFER OF MINISTER OF STATE HOLDINGS TO MEET WITH REPRESENTATIVES OF WORKERS, AS WELL AS MUNICIPAL AND REGIONAL GOVERNMENTS (INCLUDING PRESIDENT, CAMPANIA REGION GIUNTA), COMBINED WITH POLICE SHOW-OF-FORCE, CAUSED WORKERS ABANDON PUBLIC BUILDINGS FEB. 13. TRAGIC ELEMENT ADDED BY DEATH OF
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QUALIANO VICE-MAYOR IN AUTO ACCIDENT WHILE TRAVELLING TO ROME FOR

MEETING. MEANWHILE, GI MANAGEMENT HAS NOT YET RESPONDED TO WORKERS' PROPOSAL (NAPLES 115).

2. MEETING OF SPERRY SUD MANAGER ROSSI WITH UNION REPRESENTATIVES, FEB. 10, PROVED EVEN MORE DIFFICULT THAN ANTICIPATED. UNION LEADERS DECLARED THEIR QUOTE TOTAL DISSATISFACTION UNQUOTE WITH MANAGEMENT'S VAGUENESS RE FUTURE PROGRAMS AND EMPLOYMENT LEVELS. UNION REACTED IMMEDIATELY WITH CALL FOR OPEN ASSEMBLY, FEB. 20, INCLUDING REPRESENTATIVES FROM ALL SPERRY RAND/UNIVAC MANUFACTURING AND COMMERCIAL OPERATIONS IN ITALY, TO DETERMINE COORDINATED PROTEST ACTIONS. SPERRY SUD LOCAL WORKERS THEN OVERRODE UNION AND FACTORY COUNCIL, DEMANDING AND HOLDING ASSEMBLY FEB. 11 TO FORCE IMMEDIATE PROTEST ACTIONS ON LOCAL LEVEL. HOWEVER, IN FACE OF POTENTIAL DISRUPTION OF EXTENSIVE AND PROFITABLE ITALY-WIDE OPERATIONS, SPERRY

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RAND U.S. MANAGEMENT QUICKLY GAVE GROUND. LOCAL MANAGER ROSSI'S RECOMMENDATIONS ACCEPTED BY HEADQUARTERS, AND HE AUTHORIZED MAKE COMMITMENT TO FACTORY COUNCIL, FEB. 13, GUARANTEEING NO DISMISSAL ACTIONS WOULD BE TAKEN AND PROMISING TO ELABORATE REALISTIC LONG-TERM PRODUCTION PROGRAMS. ACCORDING ROSSI, TENSIONS IN PLANT HAVE EASED, AND FEB. 20 ASSEMBLY NOW LIKELY TO BE LARGELY FORMALITY.

3. AGITATION AT RICHARDSON-MERRELL (R-M), HOWEVER, CONTINUING TO BUILD AND LOCAL PRESS ATTENTION (PARTICULARLY CRITICISM OF FIRM'S FAILURE MAKE EFFECTIVE USE OF ONE OF MEZZOGIORNO'S FEW FACILITIES FOR PURE RESEARCH) HEAVY. ACCORDING LOCAL PRESIDENT HERNANDEZ, MOB SCENE AT PLANT, FEB. 10, WAS PARTICULARLY SERIOUS, AND COULD HAVE ERUPTED IN VIOLENT ACTION AGAINST PROPERTY AND MANAGEMENT PERSONNEL. HERNANDEZ EXPECTS DIFFICULT TIME AT MEETING WITH FACTORY COUNCIL AND UNIONS AT REGIONAL OFFICES, EVENING FEB. 14, WHILE COINCIDENT PARADE AND DEMONSTRATION BY R-M WORKERS IN DOWNTOWN NAPLES MAY CAUSE SOME DISRUPTION. MEANWHILE, HERNANDEZ BELIEVES HE MAKING SOME HEADWAY IN SIMULTANEOUS EFFORTS TO (A) CONVINCE R-M HIERARCHY OF DESIREABILITY SELLING FIRM TO STATE ENTERPRISE; (B) COOL OFF AGITATION AND AVOID PLANT OCCUPATION; AND (C) LAY GROUNDWORK FOR EVENTUAL SALE APPROACH, THROUGH QUIET CONTACTS WITH UNION AND GOI FIGURES.

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4. SITUATION AT SMALL PLANT OF SERVRITE, EX-U.S. NAVY CONTRACT SUPPLIER, REMAINS UNSETTLED. FEB. FEB. 14, CONSUL GENERAL MET WITH COMMANDING OFFICER, NAVAL SUPPORT CACTIVITY (NSA), NSA PERSONNEL CHIEF, AND REGIONAL PROCUREMENT OFFICER, TO REEMPHASIZE OUR CONCERN THAT SERVRITE RECEIVING COMPETENT LABOR RELATIONS AND LEGAL ADVISE AND THAT BROADER U.S. INTERESTS BORNE IN MIND DURING TICKLISH

LIQUIDATION PERIOD. MEANWHILE, PLANT REMAINS OCCUPIED BY 16 WORKERS.

5. EXTENT OF NAPLES' ECONOMIC CRISIS UNDERLINED BY LATEST PROVINCIAL CHAMBER OF COMMERCE STATISTICS (JULY-SEPT 1974), INDICATING SEVEN PER CENT DROP IN EMPLOYMENT AND MORE THAN DOUBLING OF WORK HOURS PAID BY WAGE SUPPLEMENT FUND, COMPARED TO SAME QUARTER 1973. ACCORDIN G

CHAMBER, ELEVEN PER CENT OF ITALY'S TOTAL UNEMPLOYED CONCENTRATED IN NAPLES PROVINCE.

COMMENT: SPERRY SUD'S ALMOST IMMEDIATE RETREAT FROM CONFRONTATION RELIEVES SOME PRESSURE IN LOCAL SITUATION, AND SERVRITE LIHUIDATION HAS, THUS FAR, PASSED LARGELY UNNOTICED. ACTION BY ROME MINISTRIES TO PLACE DISMISSED GENERAL INSTRUMENT WORKERS WITH STATE HOLDING ENTERPRISES (ALONG LINES ENVISIONED IN ROME'S 2210) WOULD BE MOST WELCOME IN DEFUSING TENSIONS. AT MOMENT, PRINCIPAL CAUSE FOR CONCERN IS ABILITY OF RICHARDSON-MERRELL'S HERNANDEZ TO HOLD OFF BOTH

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CORPORATION'S COST-CUTTING DESIRES AND WORKERS' AGITATION (PARA 3 ABOVE), UNTIL HE CAN MOVE TOWARDS POSITIVE SOLUTION OF FIRM'S DIFFICULTIES. HOROWITZ

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